
Local Government Committee

HB 1361

Brief Description: Dedicating existing revenue to infrastructure funding.

Sponsors: Representatives Miloscia, B. Sullivan and Chase.

Brief Summary of Bill

- Establishes the Growth Management Infrastructure Account (Account) in the state treasury.
- Specifies that the Public Works Board must administer the Account and use moneys from the Account to provide financial assistance to qualifying local governments for capital costs directly related to providing basic service for growth infrastructure projects.
- Establishes definitions for "basic service," "financial assistance," "growth infrastructure projects," and other terms.
- Specifies eligibility and application preference criteria pertaining to the Account.
- Specifies new distribution requirements for the state Real Estate Excise Tax, including depositing a portion of the proceeds to the Account.

Hearing Date: 1/25/07

Staff: Ethan Moreno (786-7386).

Background:

Growth Management Act

The Growth Management Act (GMA or Act) is the comprehensive land use planning framework for county and city governments in Washington. Enacted in 1990 and 1991, the GMA establishes numerous requirements for local governments obligated by mandate or choice to fully plan under the Act (planning jurisdictions) and a reduced number of directives for all other counties and

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cities. Twenty-nine of 39 counties, and the cities within those counties, are planning jurisdictions.

The GMA directs planning jurisdictions to adopt internally consistent comprehensive land use plans, which are generalized, coordinated land use policy statements of the governing body. Comprehensive plans must address specified planning elements, each of which is a subset of a comprehensive plan. Planning jurisdictions must also adopt development regulations that implement and conform with the comprehensive plan.

Public Works Assistance Account

The Public Works Assistance Account is established in the state treasury. Subject to statutory requirements, moneys in the account are made available by authorization of the Public Works Board (Board) in the form of loans and financial guarantees to local governments for qualifying public works projects, including roads, bridges, water systems, and solid waste and recycling facilities.

Real Estate Excise Tax (REET)

A Real Estate Excise Tax (REET) of 1.28 percent of the selling price is imposed by the state on the sale of real property. Distributions of this tax include:

- Six and one-tenth percent of the proceeds are deposited the Public Works Assistance Account; and
- One and six-tenths percent of the proceeds are deposited in the City-County Assistance Account.

Summary of Bill:

Growth Management Infrastructure Account

The growth management infrastructure account is established in the state treasury. Moneys may be placed in the Account from the proceeds of bonds when authorized by the Legislature or from any other lawful source. The Account will retain its own earned interest.

The Public Works Board must use appropriated moneys from the Account to provide financial assistance to qualifying counties, cities, and towns for capital costs directly related to providing basic service for growth infrastructure projects necessary to accommodate residential, commercial, and industrial growth. The management of funds from the Account must be done by the Board in accordance with specified requirements. Additionally, funds necessary to support the Board's cost in administering the Account must be appropriated from the Account.

Definitions pertaining to the Account are established, including the following:

- "Basic service" means that level of service necessary to meet only the minimum level of service sufficient to accommodate growth. For bridge and road projects, basic service is a level of service category "c" on an "a" to "f" scale;
- "Financial assistance" means loans or loan guarantees; and
- "Growth infrastructure projects" means the acquisition, construction, reconstruction, rehabilitation, and improvement of only those bridges and roads that increase capacity necessary to accommodate projected growth.

Existing debt or financial obligations of local governments may not be refinanced with Account funds unless refinancing existing debt or financial obligations will enable the use of other funds, in like amounts, for growth infrastructure projects. Local governments are not precluded, however, from using local funds in combination with assistance from the Account to construct a project in excess of the minimum level financed under the Account.

Eligibility and application preference criteria are specified. To qualify for financial assistance from the Account, a local government must, in part:

- Provide documentation of attempts to secure additional sources of funding for eligible projects;
- Be in compliance with the GMA;
- Demonstrate that the growth infrastructure project increases existing capacity necessary to accommodate projected population and employment growth; and
- Demonstrate that the comprehensive land use plan, zoning designations, development regulations, and the capital facilities plan are sufficient to accommodate projected population and employment growth.

Additional application points must be awarded to local governments demonstrating that their comprehensive plan policies and development regulations contain specific provisions, including:

- Policies that provide for a variety of residential densities and housing types;
- Policies that make adequate provisions for existing and projected housing needs for all economic segments; and
- Policies that provide for a supply of housing sufficient to accommodate projected employment growth.

Real Estate Excise Tax

New distribution provisions for revenues from the state imposed REET are specified as follows:

- Three percent of the proceeds must be deposited in the Account; and
- Three percent of the proceeds must be divided among and deposited in the Outdoor Recreation Account, the Habitat Conservation Account, the Riparian Protection Account, and the Farmlands Preservation Account, in the proportion required by law.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.